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## Twelve Years of the Turkish Republic

BY FREDERICK T. MERRILL

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# Twelve Years of the Turkish Republic

BY FREDERICK T. MERRILL

Mr. Merrill visited Turkey in 1934, and has made a special study of Turkish nationalism.

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OF the nations which opposed the Allies in the World War, Turkey alone signed a negotiated peace treaty. The harsh imperialistic treaty of Sèvres, coupled with the Greek, French and Italian occupation of the western and southern littoral of Anatolia in 1919 and 1920, had aroused strong nationalistic aspirations in the Turkish people, who made a last stand to defend their homeland. Under the leadership of Mustapha Kemal Pasha, the nationalists turned back the Greek invasion of 1921-1922, which had been encouraged by England. The jealousies of the Allied powers and the timely friendship of Soviet Russia kept other interested countries on the sidelines. The peace treaty, signed at Lausanne on July 24, 1923, climaxed Turkey's rejuvenation by forcing the Allies to accept the bulk of the demands made by the new Angora government.

Although the Treaty of Lausanne terminated the capitulations<sup>1</sup> and recognized Turkey's independence and sovereignty, it was the declaration of the National Pact by the Turkish nationalists in 1920 and the proclamation of the Republic on October 29, 1923 which really ushered in a new epoch in the history of the Turkish people and the entire Near East.<sup>2</sup> During the period between 1920 and 1923, the Constantinople government had resigned, the Sultan had fled, and the capital had been moved to Angora, the stronghold of the Kemalists. The establishment of a republic changed the entire form of government, while the election

of Gazi Mustapha Kemal to the presidency insured a strong, stable leadership for the future.

Since 1923 the Turkish Republic has been carrying on a fundamental revolution based on five principles: republicanism, secularism, nationalism, modernization of industry and agriculture, and controlled economy. The flight of Mohammed VI on the English battleship *Malaya* in 1922 ended the despotic rule of the sultans. With the abolition of the Caliphate and the secularization of education in March 1924, the abrogation of the religious provisions of the constitution in 1928, and the more recent acts restricting the garb and speech of the clergy,<sup>3</sup> Turkey has become a secular state. Fear that unsympathetic minorities might prove to be a source of reaction and unrest intensified the nationalist fever which resulted after the war in the final eradication of the Armenians, while later the Greeks were forced to migrate to Greece by the 1923 agreements for exchange of populations.<sup>4</sup> Since then, all foreign elements have been gradually eliminated, either by turkification and suppression, as in the case of the Kurds, or by legislation in the economic and social sphere affecting foreign residents in Turkey. At present this nationalistic feeling, expressing itself in "Turkey for the Turks," is clearly evident. Worship of the state is filling the void caused by the decay of Islamic tradition and leadership. The desire to become a self-sufficient, industrialized state has led Turkey along the road of economic nationalism. Here again the

1. The extraterritorial privileges which had enabled Western nations to dominate the economic life of Turkey.

2. The National Pact was designed to transform Turkey into a homogeneous state, and served as the basis of the republican constitution. For text, cf. A. J. Toynbee, *Western Question in Greece and Turkey* (London, Constable, 1922), pp. 207-10.

3. The law that no member of any cult will be allowed to wear clerical costume on the street became effective June 13, 1935. In May the weekly day of rest was changed from Friday to Sunday, a law prompted, however, by its economic convenience. Cf. *Near East and India*, June 20, 1935, p. 752.

4. League of Nations, *Treaty Series*, Vol. 32, No. 807.

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state is omnipotent, for the government aims to control all economic activity.<sup>5</sup> Thus the political, religious, social and economic theories of the Kemalists have altered virtually every phase of life in Turkey since the establishment of the Republic.

A comparison of the Republic's present status with that of 1923 and an examination of its political practices, economic development, and relations with other nations will indicate the results achieved under the new régime.

#### DICTATORSHIP IN TURKEY

The Turkish constitution is exceedingly democratic.<sup>6</sup> The sole lawful representative of the nation is the Grand National Assembly, which is elected by all citizens over eighteen. Men and women over thirty are eligible for election, but an exception is made in the case of army officers—a provision designed to prevent a military group from dominating the Assembly. The Assembly exercises the legislative power directly, while its executive authority is represented by the President of the Republic, whom it elects every four years.<sup>8</sup> The President appoints the Prime Minister, who in turn chooses the cabinet from among the members of the Assembly. The President has only a suspensive veto, which does not apply, however, to constitutional amendments or budget legislation. Other articles of the constitution recognize the rights of private property, while its whole tenor reveals its contrast with neighboring Bolshevik ideals.<sup>9</sup> In principle, the sovereignty of the National Assembly is thus a constitutional fact.

In practice, however, Turkey has a dictatorial form of government resembling in many ways the Fascist régime in Italy.<sup>10</sup> It operates through the People's party, whose outstanding political principle is a one-party system with aggressive leadership. The fact that the army is obedient and loyal to Kamâl Atatürk,<sup>11</sup> President of the Republic and leader of the party, enforces dictatorial rule, although many observers hold that Atatürk him-

5. Cf. Dr. A. Adnan, "Ten Years of Republic in Turkey," *Political Quarterly*, April 1933, pp. 248-49.

6. For a translation of the Turkish constitution, cf. A. J. Toynbee and K. P. Kirkwood, *Turkey* (New York, Scribner, 1927), appendix, pp. 302-12.

8. Kamâl Atatürk was reelected for four years in March 1935.

9. Cf. Toynbee and Kirkwood, *Turkey*, cited, p. 201.

10. Cf. Hans Kohn, "Ten Years of the Turkish Republic," *Foreign Affairs*, October 1933, p. 142.

11. Gazi Mustapha Kemal Pasha has recently taken the name *Atatürk* (chief Turk), a title bestowed by the Grand National Assembly. In the effort to introduce the use of family names, Ismet Pasha has adopted the patronymic *Inönü*, after the victory over the Greeks. The titles *Pasha*, *Bey* and *Efendi* are being replaced by *Bay*.

self desires to secure the eventual functioning of democratic institutions. The People's party evolved from the Association for the Defense of the Rights of Anatolia and Roumelia, a political organization whose guiding ideals of defense of Turkey against imperialistic aggression, abolition of the despotic Sultanate, and establishment of a national, homogeneous state were incorporated in the National Pact. Founded in August 1923, the People's party officially became "the Republican Party of the People" in 1924, and remains the only political party in Turkey today. Atatürk's attempts in 1925 and again in 1930 to form an opposition party for the purpose of promoting healthy criticism and furthering the political education of the people along true democratic lines proved abortive because the political training of the people was not sufficiently advanced for representative government.<sup>12</sup> The political history of the last twelve years has been one of liberal moves, subsequent abuse of the new liberties, followed by a return to a form of "benevolent despotism." At present Atatürk has a firm grip on the helm and permits no opposition to the course he has charted.

Atatürk directs the People's party not only by means of his control over the army, but also by his personal popularity among the people. The party's program and the deputies nominated for the Grand National Assembly must have his approval.<sup>13</sup> Almost all government officials and influential men and women are party members, and since all legislation is initiated and voted upon in caucus of the party, the Assembly becomes merely a debating body. Congresses are held every four years, at which time future policies are determined.<sup>14</sup> In addition to Kamâl Atatürk, three other men exert influence within the party: General Ismet İnönü, the Prime Minister; General Kâzim Ozalp, former president of the Assembly but present Minister of National Defense; and Recep Peker, secretary-general of the party.<sup>15</sup>

12. Cf. Adnan, "Ten Years of Republic in Turkey," cited, p. 242.

13. At the beginning of 1935 the party claimed 312 of the 317 members of the Grand National Assembly.

14. The fourth congress of the People's party was held in May 1935. The fundamental doctrines of democracy and equality of rights were restated. The interest of the community is held to be above that of the individual, and personal thought and freedom are respected only in so far as they do not conflict with the common good. The right to form political organizations is denied, however; no other political party will be tolerated. A resolution was passed that all the country's resources, human and material, shall be used in its defense. Religion is held to be a private affair, and the state will not interfere except to prevent religious prejudice being used as a pretext for reactionary propaganda. Cf. *New York Times*, May 26, 1935.

15. Cf. *Political Handbook of the World*, 1935 (New York, Harper, 1935), p. 181.

## NATIONALISM AND ITS CONSOLIDATION

Turkey has accepted nationalism with unusual rapidity and completeness. Education, the most important vehicle for its inculcation, was nationalized and secularized by the law of March 1924.<sup>16</sup> Since then, various restrictions have been placed on foreign schools, which have made it difficult or impossible for them to exist. Turkish children must be taught in the government primary schools, where new textbooks and government trained teachers inculcate the national ideals, the new Turkish language, history and civics. These schools are increasing both in number and efficiency.<sup>17</sup> The new language, written in Latin characters, has tended to eliminate all vernacular languages and dialects, and has had the effect of binding the people together. Other ramifications of nationalism, such as the glorification of Turkish folk-lore and legend, the substitution of Turkish for Ottoman, Arabic and foreign words,<sup>18</sup> symbolical displays of the flag, crescent and star, national holidays and ceremonies, and display of likenesses of Ataturk strengthen loyalty and devotion to the state. This patriotism has arisen without any particular subsoil of Turkish<sup>19</sup> tradition, common language, feelings of racial origin, or recognition of cultural unity—the usual components of nationalistic attitudes. These elements have been applied from the top; and the effect, although superficial, is apparently no different from the nationalism so rampant in other countries.

Turkish nationalism was first consolidated by abolishing the competing loyalties. Homage to religion and its acolytes, which might divert a people from single-minded devotion to the national state, was impaired by the overthrow of the Caliphate and the gradual dissolution of Islamic power. The abolition of the Sultanate represented an attempt to destroy allegiance to an individual. Minorities with national aspirations which still remained within the boundaries of Turkey as defined by the National Pact were eliminated by exchange and suppression. The exhaustion of the people and the strength of the dictator accounted for the success of these drastic moves, although Ataturk had discovered that the elements of reaction and fanaticism in Ottoman Turkey possessed no real influence of their own.<sup>20</sup>

16. For educational reforms, cf. *Türkiye Cumhuriyet 10* (Ankara, Hakimiyeti Milliye Matbaasi, 1933).

17. In 1923 there were 5,000 schools and 11,500 teachers as compared with 6,585 schools and 15,664 teachers in 1931-1932. Cf. *Basvekâlet İstatistik Umum Müdürügü*.

18. In the case of the names of cities—Angora is Ankara; Constantinople is Istanbul; Smyrna is Izmir; Adrianople is Edirne; Brusa is Bursa; etc.

19. As distinguished from Ottoman or Moslem.

Suppression of religious, Ottoman and minority allegiances has not had uniform effects. Although stern measures have been applied to destroy the power of the priesthood, and the state still retains the right to interfere in religious matters, the régime has practiced tolerance to some degree. Ataturk is opposed only to those features of religion which he regards as backward, or as interfering with the complete dedication of the citizen to the nation.<sup>21</sup> Islam must conform to the nationalist program. Such resistance to the régime as still persists is centered in the mosque, particularly in the outlying regions where Moslem habits remain firmly entrenched. All religious titles have been abolished, no head and no sectional leaders of Islam remain in Turkey. The mosque with its *hodja* or priest is an individual unit, having no relation to a diocese or any other mosque. This decentralization of Islamic control makes it impossible for any reactionary movement to gather momentum, for Islam is now a body without a head, and the body is slowly dying for lack of guidance and trained leaders.

Although religious reaction is almost non-existent at the present time, allegiance to an individual has not disappeared. The Turkish people's hero worship of Ataturk assumes such proportions that it sometimes obscures patriotism for the Turkish nation. This substitution of allegiance is not without danger to a national state, for the intense loyalty to the nation which the combination of Ataturk and the Republic now inspires might cease to exist without the personality which is its focal point. The outstanding quality of Ataturk is his sincere patriotism and his desire to revivify his country. Personal ambition is completely identified with Turkey's ambition. At present his retention of dictatorial power appears necessary for the consolidation of the Turkish revolution.

In the case of the minority nationalities, the program of suppression has been extraordinarily effective. The strength of the nationalistic feeling was mostly exemplified by the thoroughness and zeal with which the Turks rid themselves of the "strangers within their gates." Besides their desire for racial and religious homogeneity, the Turks had two other motives: to leave in Turkey no source of reaction, and to give foreign powers no excuse for intervention. During the World War the Greeks living in the neighborhood of the northwestern littoral were evacuated, while the Armenians were massacred and driven into the

20. Cf. Ahmed Emin, *Turkey in the World War* (New Haven, Yale University Press, 1930), p. 297.

21. Cf. H. E. Allen, "The Outlook for Islam in Turkey," *The Moslem World*, April 1934, pp. 115-125.

desert. As a result of the exchange of populations program, over 1,200,000 Greeks and Armenians left the country, while some 500,000 Moslems were brought in.<sup>22</sup> The latest official census of 1927 shows fewer than 27,000 Greeks living in Turkey, mostly in Istanbul and Izmir; Armenians number about 10,000. Some 11,000 Italians, 6,000 Russians, and 17,000 other foreigners comprise the balance of the alien population—a mere one-half of one per cent.<sup>23</sup> Over 97 per cent of the inhabitants follow the teachings of the Koran, while at least 86 per cent speak the Turkish language.

However, the Kurdish people living in Turkey bring the total of minority nationalities up over a million. They are concentrated in the southeast corner around the *vilayet* of Hakari, speak their own language,<sup>24</sup> and profess a fanatical type of Moslem worship. During the World War an incoherent national sentiment appeared among these uneducated and unconquered tribesmen. The treaty of Sèvres had made allowances for Kurdish nationalism, but the northern Kurds were incorporated into Turkey by the treaty of Lausanne.<sup>25</sup> Angered by the coercive measures of the government and impelled by a vague desire to establish a republic between Van and Mosul, the Kurds rebelled in 1925.<sup>26</sup> The revolt was suppressed with great difficulty, but it served as a rallying point for patriotic sentiment in Turkey; and although it called for such harsh precautions as gagging the press, it helped to solidify the nation. The process of turkifying the Kurdish regions has steadily continued.<sup>27</sup>

One of the major policies of the People's party and the Republic during the last nine years has been the encouragement of public education. A promising start was made with the reform of the educational system in 1926, but this applied only to the children of the nation. To reduce illiteracy, to make the people understand the causes and results of the revolution, and to instil a national spirit was far more difficult. This adult education was vitally necessary for the well-being and even the existence of the new Turkey; for, although ten million peasants knew in a vague way that they had won liberty and freedom, they had, on

22. Cf. A. E. Devedji, *L'Echange obligatoire des minorités grecques et turques* (Paris, 1929).

23. Cf. République Turque, Office Central de Statistique, *Annuaire statistique*, I, Ankara, 1928.

24. 8.67 per cent of the population of Turkey speak the Kurdish language, which is comprised of dialects belonging to the Iranian group of Indo-European languages.

25. League of Nations, *Treaty Series*, 1924, Vol. 28, No. 701.

26. Cf. Toynbee and Kirkwood, *Turkey*, cited, pp. 263-273.

27. Another reaction occurred quite recently at Milas. Cf. *Near East and India*, May 23, 1935, p. 624.

the other hand, seen their Caliph expelled, their religion undermined, and their fez taken away. To reach these people in any other way than by personal contact was virtually impossible. Of a population totaling approximately fourteen million, 1,751,239 families or 9,216,918 individuals were engaged in tilling the soil for a living—about two-thirds of the nation.<sup>28</sup> The average population of the 40,191 cities, towns and villages was only 333, and the density of the population per square kilometer was 17.9. Both by vocation and location, the Turkish people were thus found difficult of approach. In 1927 only 685,040 persons, or one in twenty, could read and write. To form and secure a national state, to inject a synthetic national culture into a people 95 per cent illiterate seemed an overwhelming task.

In addition to the Ministry of Public Instruction, three agencies have carried on the program of enlightenment: the People's party, the *Halkevleri*, and the army. The People's party, which has the biggest stake in mass education, has financed and established reading rooms in over 2,000 villages. These are stocked with books, pamphlets and nationalist propaganda by the government, and lately it has been planned to install small radios attuned only to the government station at Ankara. It is these small outposts which are successfully waging war against ignorance, while effectively dispensing national propaganda. A ward of the potent People's party, but divorced from it, is a social-cultural organization called the *Halkevleri*, or People's Hearths (Homes). The aim of these "homes" is to propagate the new national culture and stimulate intellectual pursuits. The *Halkevleri*<sup>29</sup> operate mostly in the cities, where they compete with the popularity of the coffee houses, which tend to be centers of idleness and criticism of the régime. The influence of these "homes" is increasing, particularly among the youth of Turkey. The third channel for bringing education to the people is the army. Conscripts receive an intensive course in the new Turkish language and history, and learn to read and write. Most valuable is the instruction afforded in agricultural methods and the handling of machinery. The majority of observers agree that Turkey has made remarkable progress in reducing illiteracy. Despite this ad-

28. *Türkiye Cumhuriyet* 10, cited; also *Annuaire Statistique*, I, cited.

29. By 1933 fifty-five had been established. Some have libraries, while one publishes a magazine. Drama, fine arts, social aid and sports are encouraged. Research in the Turkish language and history is carried on under their auspices; and in special classrooms such practical subjects as typing, sewing, bookkeeping and the use of agricultural machines are taught. *Türkiye Cumhuriyet*, 10, cited.

vance, at least 65 per cent of the people are probably still illiterate.

The written word is virtually a monopoly of the government. Since the Kurdish revolt of 1925, almost every important newspaper in the country has been controlled, either directly or indirectly, by a General Director of the Press, an adjunct of the Ministry of the Interior.<sup>30</sup> The total circulation is strikingly small because of the high rate of illiteracy, the impoverishment of the people, and the rigid censorship of the press which makes the news prosaic and uninteresting. Since less than 10 per cent of the population read the newspapers, the influence of the press—unlike that of other countries—is negligible.

#### ECONOMIC DEVELOPMENT

The basis of Turkey's future industrial progress and its fundamental economic strength lies in the soil. Inasmuch as over 70 per cent of the population are farmers and peasants, Turkey is essentially an agricultural country. The products of agriculture are in great demand not only for the nation's food supply and for industry but also for the foreign export trade. A trade surplus would enable Turkey to import the additional machinery, raw materials and luxuries necessary for the development of industry and a rise in the standard of living. Moreover, the government's income and funds available for national defense depend largely on revenues gained by taxing the farmer's land, income and livestock, and from several government monopolies based on farming products.<sup>31</sup>

The greatest handicaps the Turkish government has to face are the poverty, illiteracy and conservatism of the peasant, which have bound him for centuries to antiquated farming methods. Lack of capital hinders the purchase of farm equipment and machinery, inadequate transportation facilities create a marketing problem, while difficulties of contact between peasants and government experts impede the dissemination of modern agricultural methods. Primitive tools and unskilled methods are still prevalent. In 1932 there were 1,187,004 wooden plows still in use, or four-fifths of the total number. On approximately

2,000,000 farms not many more than 4,000 seeders, 8,000 reapers, and 600 binders were being employed. Almost all harvesting is still being done by hand, while threshing methods have not been improved in generations. Power is supplied mainly by oxen and buffalo, for there are but 1,300 tractors in use on farms. The need of capital for irrigation, reforestation projects, and the purchase of farm machinery is acute. With the present cash income per family of five averaging from 75 to 150 liras yearly, consuming power is low and the income return disproportionate to the labor expended.<sup>32</sup> As the roads in Turkey are primitive, farm produce in most localities is still conveyed by means of draft animals. Consequently agricultural distribution is handicapped in the domestic market, which consumes two-thirds of the annual produce, while the remainder is hampered in foreign markets by tariffs and trade restrictions.

In the face of these difficulties the Turkish government has made definite progress. The program of adult education and the secularization of the state have helped to overcome the ignorance of the peasant. The Ministry of Agriculture has been very active in establishing agricultural and experimental schools, model farms, and weather bureaus. Transportation difficulties have been alleviated by an ambitious program of railroad building. Railway trackage increased from 3,350 kilometers in 1923 to 5,882 kilometers in 1932, of which 3,600 is owned by the state.<sup>33</sup> Although much of this railroad construction has been for military purposes and is consequently placed strategically, agricultural distribution has also been served. The government has formed cooperative credit societies, from which the farmers have borrowed. The Agricultural Bank, controlled and backed by the government, has attempted to raise the price of wheat by buying in the open market. These operations were particularly successful during 1934 and early 1935, for the price of wheat and cotton rose above world levels by reason of government intervention and exceptional demand.<sup>34</sup> Credits given the bank by the government have been an important factor in shaping domestic and export prices.

Production figures have tended generally upward in the last ten years (although not since 1930), along with the tonnage of agricultural exports.<sup>35</sup> The leading export crop is tobacco,

30. Several months ago a new set of press restrictions was issued from Ankara. (Cf. *Near East and India*, April 11, 1935, p. 438.) These include a ban on writings which extol the Sultanate period, give offense to friendly nations, impair family life (divorce and scandal), imply religious propaganda, spread foreign national cultures, deal with suicide, aim at class propaganda, etc. Above all there must be no criticism of the government in the newspapers.

31. The government's monopolies in tobacco, salt, sugar, matches and alcohol account for almost one-fifth of the annual income.

32. A lira or Turkish pound paper money is equivalent to about 80 cents (at current exchange rates).

33. Banque Centrale de la République de Turquie, *Bulletin* 11, April-June 1934 (Ankara, 1934).

34. Cf. Report of the Ottoman Bank, *The Times* (London), June 19, 1935.

which goes mostly to the United States for use as a blend in the cigarette industry. The government controls its production and regulates planting areas, in addition to the monopoly it has established for its manufacture, distribution and sale within the country. The crop increased from 26 million kilos in 1923 to almost 52 million in 1931—a 100 per cent gain in eight years. Cotton is demanding increasing attention, since it is needed to supply the new textile industry which aims to make Turkey self-sufficient in manufactured cotton goods. A protective tariff for the sugar industry has boomed sugar-beet production from 5 quintals in 1926-1927 to 725 in 1933-1934. Opium is now controlled by the government in accordance with an international agreement in 1931.<sup>35</sup> Sesame, hemp, flax, and such other export products as figs, hazel nuts and raisins are being grown in greater proportions. But 90 per cent of the cultivated land is utilized for growing cereals, of which wheat is by far the most important crop. Wheat production increased from 1,333,151 tons in 1927 to 2,424,082 in 1933, and cereals, such as barley, rye, maize and oats, in like degree.

Despite these gains, Turkish agriculture is passing through a critical stage. The lowering of the price level during the world economic depression, the raising of high tariff barriers in other countries, and in some cases government restriction of production have caused a severe decline in the value of agricultural exports.<sup>37</sup> In addition the tax burden is harmful to the consuming public. As a result the farmer has no credit for the purchase of machinery which, in the last analysis, would cut the costs of production, raise the standard of living and create a consuming power for industrial products among Turkey's agricultural classes.

During the first six years of the Republic virtually no industry existed. In 1927 the 65,245 establishments employed only 256,855 persons, and but three factories in a thousand had over 100 employees.<sup>38</sup> By far the largest class of this small-unit industry dealt with the preparation of agricultural products for export and domestic consumption. Agriculture, textiles, metal and wood-

35. League of Nations, *Statistical Year Book, 1934-1935* (Geneva, 1935), p. 207.

36. League of Nations, Convention for Limiting the Manufacture and Regulating the Distribution of Narcotic Drugs, *Treaty Series*, Vol. 139, No. 3219. Turkey deposited ratification April 3, 1933.

37. League of Nations, *Statistical Year Book, 1934-1935*, cited, p. 208. At the same time it is estimated that the population of Turkey has increased over two million since 1927 which accounts in part for the gain in cereal production. The present population is estimated at about 15,500,000. *Ibid.*, p. 22.

38. République Turque, Office Central de Statistique, *Compte-Rendu du Recensement Industriel de 1927* (Ankara, 1928).

working accounted for 93 per cent of all industrial activity. Analysis of foreign trade statistics for 1928 reveals that 83 per cent of Turkey's imports were manufactured goods, whereas 95 per cent of its exports were animal and agricultural products.<sup>39</sup> Since then, the industrialization of Turkey has been one of the cardinal points in the program of the People's party. Economic nationalism—the desire for self-sufficiency which the military-minded group continually advocate—and the obsession for a favorable trade balance are driving this non-industrial country to establish its own industry to avoid dependence on the importation of manufactured goods from abroad. By curtailing importation and creating new possibilities of export the present régime is rapidly changing the structure of Turkey's economy.

To this end the Grand National Assembly passed a law on June 8, 1929 which established a high tariff on certain commodities to aid the sugar and textile industry, then in embryonic stage.<sup>40</sup> In 1933 a "Five-Year Industrial Plan" was elaborated, with an eye to the economic needs of the country in wartime.<sup>40a</sup> Besides its emphasis on certain light industries, the plan looks forward to overcoming Turkey's deficiency in the heavy industries by the creation of foundries and factories for the manufacture of munitions, steel and chemicals. The iron industry is to be built up around Zonguldak and Kastamuni, and the mining of coal is to be stimulated to replace charcoal and provide electrical power.

Under the Five-Year Plan two industries have made good progress in recent years—textiles and sugar. The former has been aided by an eight million gold dollar credit from Soviet Russia in 1934 for the importation of textile machinery.<sup>41</sup> In the ten years from 1923 to 1933 the manufacture of cotton goods has risen from 3,700,000 to 9,055,000 kilograms, and the manufacture of thread in even greater degree. As a result the importation of cotton goods has fallen off heavily. During the early years of the Republic no sugar was refined in the country, and over 13 million pounds were imported to meet the needs of the people. Construction of several refineries at Eskisehir and Turhal, heavily protected by tariff, has made Turkey self-sufficient in this commod-

39. République Turque, Direction Générale des Douanes, *Statistique Annuelle du Commerce Extérieur de la Turquie, 1928*, Partie II (Ankara, 1930).

40. *Türkiye Cumhuriyet*, 10, cited.

40a. *Near East and India*, February 1, 1934, p. 86.

41. Commercial accord signed with U.S.S.R. on September 30, 1933. Protocol for credit of eight million gold dollars ratified on May 21, 1934.

ity. In 1923 three times as much woolen goods were imported as were fabricated within the country. By 1933 wool manufacture, primarily a household industry, was almost equal to consumption—about 2,500,000 kilograms. In spite of the fact that the silk industry is experiencing difficulties, the domestic output has risen from 2,000 to 91,600 kilograms in the 10-year period, with a corresponding decrease in the importation of silk articles. In other industries also, 1933 statistics show that Turkey has been able to cut down imports. This is especially true in the case of hides, cement, wood manufactures, soap and flour.<sup>42a</sup>

Of the industries dependent on the natural resources of the country, lumber and coal are most important. The government is concerned with forest conservation, and in 1930 a law was passed to further this end. In previous years lumber was purchased in foreign markets for boxes to pack figs and raisins, for railroad ties, and for timbers used in the mines. Turkey now meets this demand itself. Most surveys agree that the country is rich in mineral deposits. The extraction of coal, chrome, salt, and the projected mining of copper at Ergani are receiving most attention.<sup>43</sup> Other minerals, including zinc, manganese, antimony, borax, lignite, meerschaum and emery, are present in Turkey but are not mined to any extent.

The large industries which are slowly emerging under the Five-Year Plan are owned mostly by the industrial banks. The principal bank of this type is the *Sümer* Bank, capitalized at 20 million liras and controlled by the government. It manages such industries as cotton textiles, metallurgy, artificial silk, paper, cellulose and chemicals. The *Ish Bankası*, controlled by prominent members of the People's party, owns the glassware, semi-coke and brimstone factories.<sup>44</sup> There is thus an increasing tendency toward state-controlled industries, based on the recent program of the party in May 1935 which called for state regulation of industrial activity and limitation of profits.<sup>45</sup>

#### READJUSTMENT OF FOREIGN TRADE

Since 1930 Turkey's foreign trade policy has been based on two main objectives: stabilization of the lira in relation to foreign currencies, and accumulation of a trade surplus for the payment

<sup>42a</sup>. Over 26 million kilos of flour was imported in 1923 and none in 1932.

<sup>43</sup>. Coal production has increased threefold since 1922, 1,880,000 tons being mined in 1933. In 1934 production jumped 25 per cent, foreign sales reaching almost 700,000 tons, as against 480,000 in 1933; at Fethiyé the mining of chrome rose from 80,000 tons to 130,000. Cf. Banque Centrale, *Bulletin No. 11*, cited.

of foreign debts. The drastic exchange regulations enacted in 1930 saved Turkey from financial disaster. The surplus of imports over exports had reached an all-time high in 1929, and the lira was depreciating in value. By limiting currency transfers abroad to commercial payments and by restricting imports, the government was able to show a favorable trade balance and prevent devaluation of the lira. Since then, the value of exports has increasingly exceeded the value of imports, while the intrinsic value of the lira has risen from a currency backed only by confidence in the government to the position of a currency with a gold basis. The total value of Turkey's trade, however, has suffered in consequence, although this result was in part due to world conditions. Since 1929 there has been a decline of over 50 per cent.<sup>46</sup>

The government has followed several plans in its efforts to gain a trade surplus. The quota system was supplemented by a device by which the Turkish importer paid the Turkish exporter a premium to enable the latter to sell his goods in foreign markets. This system of private compensations was replaced after 1932 by a series of 20 or more general compensation agreements negotiated with other countries. These bilateral agreements broadened the quota list and are based on the understanding that only 70 per cent of the foreign exchange yielded by Turkish exports is to be available for imports, thus leaving 30 per cent to pay the interest on non-commercial debts. The compensation accounts are balanced and administered by the Central Bank of the Republic, which acts as a clearing house. It is by this means that the Central Bank assures the stability of the lira. In addition, the Five-Year Plan for the development of industry has been put forward as a method for curtailing imports.<sup>47</sup> Although a high tariff has been imposed on certain classes of goods to protect infant industries, there is no intention to

<sup>44</sup>. Cf. *Near East and India*, February 1, 1934, p. 86; April 12, 1934, p. 288; August 30, 1934, p. 679.

<sup>45</sup>. The nationalization of all public services and railroads is another objective. Cf. *New York Times*, May 26, 1935.

TURKISH FOREIGN TRADE (in millions of lira*)			
	Imports	Exports	Total Trade
1923	.....	.....	-60.1
1925	241.6	192.4	434.0
1927	211.3	158.4	369.7
1928	223.5	173.5	397.0
1929	256.2	155.2	411.4
1930	147.5	151.4	298.9
1931	126.6	127.2	353.8
1932	86.9	101.3	197.2
1933	74.7	96.2 (101.8)† 170.9	+21.5

\*Cf. *Türkiye Cumhuriyet 10*, cited.

†League of Nations, *Statistical Year Book, 1934-1935*, cited, p. 207.

47. *Near East and India*, January 25, 1934, p. 73.

strangle importation, as its value for revenue purposes is realized.<sup>48</sup>

That Turkey only buys from those countries which buy its goods is illustrated by the trade statistics of the years 1929 through 1933. Germany, Italy and the United States<sup>49</sup> have imported the largest quantity of goods since 1929, with England, France and the Soviet Union following in order. In 1933 Turkey imported goods from Germany valued at twice the amount of the next competitor—England. The five leading commodities exported in 1930 were tobacco, raw cotton, raisins, eggs and hazel nuts. In 1933 practically no cotton was exported. The value of tobacco as an export has always been about triple its nearest rival—once cotton, now raisins. The four leading imports—cotton textiles, iron and steel, machines, and wool textiles—have not changed in order of value since 1930. The most striking decline has occurred in the importation of sugar, hides and cotton textiles. The average decline in all articles imported since the top year of 1929 is about 70 per cent. Through its efforts to build up a trade surplus, however, the government has strengthened its credit position abroad.

#### FINANCIAL STATUS OF THE REPUBLIC

The total public debt of the Turkish Republic was estimated at £T433,609,009 on May 31, 1934.<sup>50</sup> This sum represented a substantial decrease from 1928-1929, largely as a result of the refunding of the Ottoman Public Debt.<sup>51</sup> Because the Ottoman debt was contracted by the Sultanate, the Republican régime has not met this obligation with any great enthusiasm. The National Pact guarantees the settlement of proved debts, but it was framed to accomplish Turkish political and financial independence. Thus the Pact definitely opposes restrictions which hamper Turkish development in financial matters.<sup>52</sup> Subsequent to the Treaty of Lausanne, Turkey was held responsible for 67 per cent of the annuity and 70 per cent of the

48. As a matter of fact, the industries which the government is most anxious to develop compete with the importation of goods valued at only £T5,334,418 in 1932. By 1938 it is estimated that the new industries established under the present plan will have only reduced this sum by 30 per cent—or about 2 per cent of the total imports. *Ibid.*, April 12, 1934, p. 288.

49. For Turkey's trade with the United States in the 20th century, cf. Leland J. Gordon, *American Relations with Turkey, 1830-1930* (Philadelphia, University of Pennsylvania Press, 1932), chapters V, VI.

50. Banque Centrale, *Bulletin 11*, cited. League of Nations, *Statistical Year Book, 1934-1935*, cited, p. 291.

51. For a history of the Ottoman Public Debt to 1929, cf. Donald C. Blaisdell, *European Financial Control in the Ottoman Empire* (New York, Columbia University Press, 1929).

52. *Ibid.*, p. 237.

capital of the pre-war Ottoman debt.<sup>53</sup> The original decree of 1881 was replaced by the Draft Contract of 1928 which removed virtually all of the earlier restrictions on Turkey's financial rights.<sup>54</sup> For the first seven years Turkey was to pay 38 per cent of its share of the annuity, the percentage to rise by stages until it reached 100 per cent in 1951. The first payment was made in March 1929, but Turkey soon found it impossible to pay in gold liras as stipulated in the Draft Contract. The debt was further reduced by an agreement signed on April 22, 1933, this time in accordance with Turkey's ability to pay.<sup>55</sup> The revision of the Ottoman Public Debt has had a favorable effect on Turkish finances. In 1934 a trade surplus brought about by the general functioning of the compensation agreements enabled the Central Bank to meet all foreign obligations of the state, including the prompt payment of the Ottoman debt annuity.<sup>56</sup>

The Turkish government has further evidenced its desire to keep foreign financial engagements, even those undertaken before the new régime, by the recent agreement to settle the war indemnity due United States citizens as provided by the Treaty of Lausanne. Thirteen annuities of \$100,000 each will be paid, beginning in June 1936.<sup>57</sup>

Turkey's foreign exchange market is rigidly controlled by the government, as both the exportation of gold from Turkey and the import and export trade in commodities and securities are highly restricted. Foreign exchange quotations in Turkey are artificial and do not represent the price of foreign currencies in a free Turkish market. Thus no bank can buy foreign exchange except the Central Bank of the Republic, which supplies what exchange other banks need. Consequently, Turkish currency is on the gold standard *de facto*, not *de jure*.<sup>58</sup> During 1934 the gold reserve for the currency and its reserve convertible into gold was strengthened. The percentage coverage for circulation, together with sight deposits, had increased to 17.83 as against 12.2 in 1932. The Turkish lira

53. *Report of the Council of Foreign Bondholders* (London, 1927), pp. 412-14.

54. For summary, cf. *ibid.*, pp. 432-35.

55. The new figure was placed at 962,636,000 paper francs, or about £T35,000,000 gold. The revised annual interest payment ranges between 500,000 and 700,000 gold liras.

56. *The Times* (London), June 19, 1935.

57. League of Nations, *Registration of Treaties*, No. 163, April 1935. Registered as No. 3643 April 25, 1935. Cf. also U. S. State Department, *Press Releases*, December 22, 1934.

58. The lira is pegged to the French franc. The price of gold (number of piasters to the Turkish gold pound) has risen from 777 in 1926 to 955 at the end of 1932. Banque Centrale, *Bulletin 11*, cited.

is at present one of the most stable currencies of the Balkan and Near East countries.

The mechanics of the banking system follow that of the French. The *Sümer* and *Ish Bankası* invest heavily in industry, with the result that their assets are not always liquid. The Central Bank of the Republic was founded in October 1931; it has a capital of £T25,000,000. It showed a good profit for each of the two succeeding years.<sup>60</sup> In close cooperation with the government, this bank has four major functions: it handles Turkey's short-term credits, compensation trade contracts, payment of foreign debts, and the purchase of foreign exchange. It exists primarily for the purpose of stabilizing the lira, which is the fundamental monetary policy of the Prime Minister, Ismet İnönü.

The main sources of government revenue are the direct taxes on income, land, livestock and consumption; the government monopolies of tobacco, salt, matches, sugar and alcohol; and customs duties. Although in actual amounts paid per capita taxation is low, in reality it is a heavy burden owing to the prevailing low standard of living. A wheat farmer will pay 21 per cent of his income in taxes, a tradesman 33 per cent, a factory-owner 40 per cent. Recent budgets have included a consumption tax on coffee, tea, cocoa, paper, cotton and wool yarns, iron, copper, rubber articles and gas masks.<sup>61</sup> This increase in taxation has coincided with a marked reduction in buying capacity, and smuggling is more prevalent. Whatever form taxation may take in the future, it appears that the taxpaying capacity of the people is diminishing, a circumstance which may well precipitate an economic crisis.

#### TURKEY'S FOREIGN POLICY

Turkey's foreign relations during the past twelve years have been based on a sincere desire for peace, prompted by the need to develop and strengthen the economic life of the country. In 1923 equality of status was an obsession, and following the recapture of Constantinople, Thrace and Smyrna, there was danger that the Turks would attempt to regain lost provinces in Arabia and the Balkans. Since that time, however, events have shown that equality of status was not a subterfuge for territorial expansion but a sincere goal.<sup>62</sup> Even when

60. The assets of the Central Bank on May 31, 1935 included £T22,487,000 in gold coin and bullion; £T10,973,000 in free foreign exchange; £T148,269,000 in treasury bonds. Cf. *The Economist*, June 15, 1935, p. 1400.

61. *Near East and India*, April 25, 1935, p. 498.

62. Cf. *The Economist*, February 9, 1935, pp. 303-4.

the Mosul region was incorporated into Iraq, an act which left unfulfilled the territorial provision of the National Pact, Turkey took no aggressive action.<sup>63</sup> With one or two minor exceptions the Turkish Republic is now satisfied with its boundaries; there is no *Turkey irredenta*.<sup>64</sup>

Turkey has not only been active in concluding treaties of arbitration and friendship, but has also taken a major part in all moves for Balkan unity. At the same time, Turkey has felt that it must rely heavily on an adequate defense policy. During the last two years there has been a return to large expenditures for military purposes, and agitation for the right to fortify the Thracian border and for the abrogation of the demilitarization clauses of the Straits Convention.<sup>65</sup> A supplementary credit of 20 million liras for the national defense budget of 1934 raised the total to almost one-third of the national income. The proportion is the same for 1935. When relations with Bulgaria became strained at the time of the Greek rebellion in March 1935, Turkey sent troops into Thrace, and the following month submitted to the League of Nations a tentative plea for the restoration of the Dardanelles forts.<sup>66</sup> The feeling of security is necessary for the protection of Turkey's reforms and for its economic development. To that end its foreign policy has emphasized peace and understanding among Balkan countries; its friendship with Greece and the Balkan Pact of 1934 are the cornerstones.

The friendly relations which have lately developed between Greece and Turkey constitute a notable reversal of the situation that existed a decade ago. In 1930 a Greco-Turkish convention liquidated all Lausanne questions and terminated the Athens agreement of 1923 for the exchange of populations.<sup>67</sup> A treaty of friendship was signed by the two countries on September 14, 1933.<sup>68</sup> The essential basis of the accord is the acceptance of existing boundaries in the clause which guarantees the inviolability of frontiers. The treaty also

63. Cf. Elizabeth P. MacCallum, "The Near East," Foreign Policy Association, *Information Service*, March 1926.

64. In the Sanjak of Alexandretta in northern Syria Turkish is used as the official language and in the schools. Although there have been persistent rumors that Turkey desires to annex this region, they have never been substantiated by the Ankara government. *Survey of International Affairs*, 1925, pp. 457-64.

65. League of Nations, *Treaty Series*, 1924, Vol. 28, No. 702 (Straits Convention), and No. 703 (Thracian frontier).

66. Cf. League of Nations, 85th session (extraordinary), third meeting (17/IV/1935), *Official Journal*, speech of M. Tewfik Rüstü Aras, president of the Council, p. 562.

67. League of Nations, *Treaty Series*, Vol. 125, No. 2841.

68. Text in *Documents of International Affairs*, 1933 (London, Oxford University Press, 1934), pp. 407-8. League of Nations, Registration of Treaties, January 1935, No. 3,600.

provides for preliminary consultations on international questions of common interest. Greco-Turkish friendship has been received most favorably by the Turkish public. Following the Greek uprising the press greeted with satisfaction the news of the downfall of Venizelos, who had led the Greeks against Turkey in 1921-1922 and bitterly opposed the Balkan Pact.

In its main provisions, the Greco-Turkish treaty was a preliminary to the Balkan Pact, which Greece, Rumania, Yugoslavia and Turkey signed on February 9, 1934.<sup>69</sup> Since the pact excludes Bulgaria and Albania and prevents the signatories from embarking on any political action with the excluded Balkan countries, some observers have argued that it does not represent any real contribution to European peace. Moreover, the guarantee of the territorial inviolability of the signatories cannot be interpreted as a safeguard against aggression by a non-Balkan country. For Greece would be unwilling to support Yugoslavia in a quarrel with Italy over Albania, and Turkey would not hasten to support Rumania in a struggle against the U.S.S.R. over Bessarabia. Despite its incompleteness, the pact serves to achieve partial Balkan unity, and it proved successful in localizing the disturbances caused by the recent Greek revolt.<sup>70</sup> Turkey's interest in Balkan peace has led it to play an increasingly large part as mediator in the differences which arise among these countries. However, its relations with one Balkan power—Bulgaria—remain unsatisfactory.

Bulgaria is a "revisionist" country, intent on creating a "greater Bulgaria" and obtaining an Aegean port at the expense of either Greece or Turkey. Turkey's attitude has been one of friendly declarations and hostile acts. A treaty of neutrality and arbitration was signed with Bulgaria in 1929, a commercial accord in 1934.<sup>71</sup> On the other hand, Bulgaria was excluded from the Balkan Pact, and the Turkish press carried on a bitter anti-Bulgaria campaign during 1934, accusing the Bulgars of oppressing the Pomaks (Bulgarian Moslems).<sup>72</sup> The Ankara government has recently been planning, for military and political reasons, to double the population of sparsely settled Thrace by encouraging the immigration of Balkan Turks—many of them Christians from Rumania and Bulgaria. The Greek uprising of March 1935 pre-

cipitated further mutual recriminations. A concentration of Bulgarian troops on the Greek frontier as a protection against any influx of Greek refugees caused Turkey to strengthen its military garrison in Thrace. Sofia's appeal to the League of Nations angered Turkey, which retaliated by accusing Bulgaria of having designs on an Aegean port. The Bulgarian appeal was subsequently withdrawn.<sup>73</sup>

In general, Turkey has been particularly successful in maintaining friendly relations with the non-Balkan countries. During the period 1930-1933, treaties of *modus vivendi*, commerce and navigation, and bilateral trade were concluded with some 25 countries.<sup>74</sup> The trade agreements are of short duration, usually in force six months to several years only. With the United States a treaty of commerce and navigation went into effect on April 22, 1930;<sup>75</sup> and an extradition treaty was ratified at Ankara on May 8, 1934 following the arrest of Samuel Insull in Istanbul.<sup>76</sup> An Italian commercial accord was ratified on June 6, 1934; a convention of navigation and commerce two months previously. Italy's imperialistic designs in the eastern Mediterranean and an improvident speech of Mussolini's in the early part of 1934, however, have had much bearing on the increased defense budgets of the Turkish government. More recently, Turkey has observed with concern the fortification of the islands of Rhodes, Leros and Cos by Italy.<sup>76a</sup>

In the East, relations with Soviet Russia have developed on a friendly basis since the U.S.S.R. in 1921 aligned itself with Turkey against the Western powers. Most territorial differences were settled at that time, and a boundary convention was called in 1928 and again in 1933 for final arbitration. The Turco-Russian treaty of friendship and neutrality, signed on December 17, 1925, was renewed in 1929 and in 1933.<sup>77</sup> Turkey has also sought a closer understanding with Iraq and Iran.<sup>78</sup> The Shah of Iran's visit to Ankara in the summer of

73. The Bulgarian appeal was of a private nature. Cf. *Manchester Guardian Weekly*, March 15, 1935, p. 201.

74. Cf. *Banque Centrale, Bulletin 11*, cited, p. 53. Also League of Nations, *Treaty Series*, indexes.

75. United States, *Treaty Series*, No. 813.

76. Signed at Lausanne, August 6, 1923; ratifications exchanged at Ankara, June 18, 1934. United States, *Treaty Series*, No. 872.

76a. *New York Herald Tribune*, September 29, 1935.

77. The treaty of friendship and neutrality, with three annexed Protocols for the prolongation of the treaty was registered at Geneva on February 5, 1935 at the request of the U.S.S.R. League of Nations, *Treaty Series*, No. 3610.

78. The Persian government in December 1934 notified other nations that the official name of Persia is henceforth to be Iran. U. S. State Department, *Press Releases*, Vol. 12, No. 278.

69. Text in *Documents of International Affairs*, 1933, cited, pp. 408-9.

70. *New York Times*, May 5, 1935.

71. For neutrality and arbitration treaty, cf. League of Nations, *Treaty Series*, Vol. 114, No. 2668, p. 339; for commercial agreement, Vol. 148, 1934, No. 3401.

72. Cf. *Near East and India*, September 13, 1934, p. 713.

1934 fostered Turkish-Iranian friendship, especially since Iran had withdrawn its candidacy for the non-permanent seat in the League Council, which was then filled by Turkey.<sup>80</sup> The possibility of constructing an Iranian railway to the Turkish border and closer military and economic cooperation were subjects of discussion during the Shah's visit.<sup>81</sup> Since then, Reza Pahlevi has been instituting a number of Western reforms in Iran in direct imitation of Kamâl Atatürk.

The spectacle of Nazi Germany abrogating the military clauses of the Treaty of Versailles tempted Turkey on April 17, 1935 to present to the League of Nations a request that the restrictions regarding the fortification of the demilitarized zones of the Bosphorus, the Dardenelles and the European border in Thrace be removed.<sup>82</sup> M. Tewfik Rüştü Aras, the Turkish Foreign Minister, was careful to point out that this would be of particular concern to Turkey should any changes in the situation determined by existing treaties occur—that is, removal of the restrictions placed on the military strength of Austria, Hungary and Bulgaria. Turkey's feeling of insecurity has been intensified by the increase in European armament, the sabre-rattling of Mussolini, and the general lack of faith in the permanency of European peace as evidenced by current uncertainties.

The Straits Convention of 1923 was favorable to Turkish interests.<sup>83</sup> Although its own fleet may move freely in Turkish waters, Turkey must not fortify certain zones. The security of the Straits zones was virtually guaranteed by Great Britain, France, Italy and Japan in the Straits Convention<sup>84</sup> and, as a member of the League of Nations since 1932, Turkey has received unequivocal guarantees of territorial integrity. Recently, however, it has begun to doubt the efficacy of these guarantees. Besides the need for security there exists a more intangible motive for the abrogation of the Straits Convention's military clauses. Turkish national pride has long been irked by foreign control over regions believed to be Turkish, and the

80. Turkey was elected to the League Council on September 17, 1934.

81. Cf. *Near East and India*, June 21, 1934, p. 475; July 12, 1934, p. 535.

82. Cf. League of Nations, *Official Journal*, cited, p. 562.

83. League of Nations, *Treaty Series*, 1924, Vol. 28, No. 702.

84. *Ibid.*, Article 18.

infringement of Turkish independence in the case of the Straits is obnoxious to public opinion. Turkish nationalism will sooner or later demand that Turkey be allowed to administer the demilitarized zones, and that the waterways, being wholly Turkish, be opened or closed at the will of the Ankara government and as the safety of Istanbul dictates.

Revision of the Straits question would necessarily mean separating the territorial guarantee and the demilitarization clause, which are closely bound. The U.S.S.R. would support Turkey in any attempt to change the *status quo*; unlike other nations concerned with maintaining the freedom of the Straits for commerce and trade, it would prefer to have the Straits closed to foreign powers. The issue of the Straits is so closely tied to the interests of all the powers that a move at this time would create a dangerous situation.

#### CONCLUSION

In the face of seemingly insurmountable obstacles, Turkey has made remarkable progress during the twelve years of the Republican régime. First-hand observers of Turkey continually remark on the rapidity with which the Turks are assimilating Western methods and civilization. In the political sphere a purely national, sovereign state, commanding the loyalty of its people and the respect of other nations, has been created. The social program of the government has made definite progress in popular education and the emancipation of women. Health and living conditions have also been improved. In the financial sphere, Turkey has adjusted its foreign obligations, and by instituting a policy of "pay as you go" in its internal affairs has strengthened its credit abroad. Economically, the new régime is revolutionizing agriculture and establishing an industry in an effort to become self-sufficient in manufactured goods. On the other hand, economic nationalism, restriction of foreign trade, heavy appropriations for national defense, and the government's internal financial policy are at present the major difficulties which beset the Turkish people in their attempt to gain economic and political security. The first stage of the Turkish revolution has been effectively completed. The final stage, that of consolidation, is now in progress.